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ORGANIZATION ARRANGEMENTS FOR NATIONAL PLANNING IN THE UAR

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ORGANIZATIONAL ARRANGEMENTS FOR NATIONAL PLANNING IN THE UAR

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I. Decisions and decision - makers

1. The adoption of planning as systematic approach to the development of economic and social conditions, introduces a new set of tasks, thus requiring the elaboration of a suitable organizational system. The tasks can be summarized as follows:

(a) Data collection. This is in certain respects a traditional duty of organized societies, but the type, timing and coverage of data undergo certain changes as a result of the requirements of the planning process. The diffusion of these data requires a more elaborate statistical machinery both in the center and in the individual agencies.

(b) Project-making. With the development of a national planning scheme, a certain amount of systematization and centralization of this activity becomes necessary. This involves a new set of data and a new set of techniques to be applied. Many of these activities have to start at the individual institutions and take a specific shape fitting with the requirements of the central plan. This requires the construction of new organisms at all levels of institutional constructions in the country.

(c) Drafting plans. Although the elaboration of national plans takes place finally at the center, many decisions have to be taken at sub-national levels, whether in a ministry or a region. The decision-taking units have to deal with problems of programming based on the detailed studies of their own project makers.

(d) The final approval of theplan is mainly a political issue which largely depends on the political structure of the country. In a socialist community the final say lies with the masses, and out first national plan was only passed after being discussed in a general conference of the National Union which represented the whole country.

(e) Implementation and execution. Once the plan frame has been approved, problems of implementation and execution come to the fore. Here the familir policy-making organisms have to design policy and to take the necessary measures in the light of the targets determined by the plan. On the other hand actual

execution of investment projects as decided upon in the plan has to be left to the executing bodies and not to be mixed up with problems of planning proper. This means that already existing units of policy-making and execution have to be adapted to the general planning activities, and in many cases this might require some radical reforms. The main point here is that the public sector is apt to shoulder a great part of new development activities and to venture in hitherto non-traditional channels.

(f) Follow-up. The planning process is left in a vacuum if it is not capable of tracing the actual execution and effects of the plan. This means that an elaborate and prompt system of follow-up should be constructed in such a manner as to enable planners to channel and process the necessary information on execution, readjust the plan in the light of actual experience, and deal with difficulties as they appear.

2. These six tasks in planning require the readjustment of existing organizational structure so as to facilitate the planning process. The type of readjustment depends largely on (and is partially affecting) the contents of the general plan. In another paper represented to this Conference (H.I.) we have pointed out that the UAR plan is essentially an investment plan. This means that most of the activities of the above mentioned organisms are directly concerned with investment decisions. However, production activities are always involved, since the final targets are generally production targets. But the main point is that these production activities are not determined in a detailed manner, covering each individual firm or institution, and as such they are left to the discretion of supervising bodies which can use direct and indirect measures to fulfill the accepted sectorial targets.

3. One reflection of this approach to planning, is that a great deal of decisions have to be taken in the shape of economic policies and through various types of controls. A certain organizational scheme has to be deviced in order to coordinate various policies towards this end, especially public policies, banking and monetary policies, as well as the various physical controls, lying within the powers of the various ministries and institutions. Again these tasks are to some extent traditional, but the introduction of planning requires their extension and synchronization.

4. It is only natural that in discussing organizational arrangements, the problem of centralization and decentralization receives a good deal of attention. It is one of the arguments against national planning that it quickly develops the centre at the expence of the regions. In fact this seems to be the contraty with our own experience. The issue of centralized activity did not seem acute when the activities of the governing authorities were limited to traditional policy-making channels. With the adoption of an overall plan and its allocation to the various regions of the country, a certain amount of autonomy had to be allowed to the sub-centres. It is quite indicative that after the launching of the national plan, a new system of local administration was installed, allowing a wider scope of autonomy and directly held responsible for planning and execution of development projects and programs.

II. The General Institutional Structure

5. Thus the organization of the administrative machinery has undergone fundamental changes allowing a larger amount of decentralization. But this is not the end of the story. The adoption of rather ambitious plan, which goes far beyond the capacity of a rather stagnant private sector implies by necessity an extension of the responsibilities of the public sector. This means that this sector has to get involved in production activities on a large scale and abruptly.

6. This new development requires a simultaneous re-organization of the business sector, whether publicly owned or privately-owned or both. Organization has its main aspects: ownership and management. Of course these two aspects are partly inter-connected, but they are not necessarily identical, nor should they be considered as uniquely related. With ownership, problems of long-run nature and the distribution of wealth and incomes are at stake. In particular, problems of investment, both in size and direction are affected by the type of ownership. On the other hand, the issue of management has its bearing on the day-to-day activities, relating to production, pricing and marketing. Each of these two aspects acts as a certain boundary on the other, and there are limits to the extent that one can act independently of the other. It is worth mentioning here that economic theory distinguishes the two aspects, and as a result there are rather loose relations between theories of production and distribution.

7. A socialist society cannot ignore the problem of ownership, nor its implications, with respect to distribution of the returns of production activities. First of all a law of agrarian reform was established, putting an upper bound to the ownership by a single person and his family. This was a necessary step in order to reduce the highly unequal distribution of wealth existing in the society and characterizing its feudal structure. At the same time this meant a liberalization of certain resources and putting an end to the unwarranted land acquisition desires, thus encouraging the private sector to divert its investments towards new channels of investments.

8. Another problem which raised great difficulties in the face of real development was the concentration of ownership, of productive resources in foreign hands. This would mean that the planner would be uncapable to put into effect any steps required for the execution of the plan. The problem was serious since many infrastructural activities were involved: water, gas, electricity, financial and banking institutions, commercial houses and the like. It was therefore necessary to shift the ownerships of these crucial institutions to nationals in order to orient their economic and social activities towards the interests of the people. Then comes the problem of nationalization of existing firms and the direct construction of new public enterprises. The main issues at stake here are:

(a) Certain projects of general service nature have to be completely under the control of the government as guardian of the peoples' interests and welfare.

(b) Others are either too big or considered too risky to be undertaken by individuals

(c) Still another set is capital intensive and characterized by a high profit-wage ratio and are apt to bring about certain undesirable distributional effects. This type is liable to lead to a profit inflationary tendencies; thus having adverse effects on the process of development itself.

9. The solution of the problem has to be taken in the light of the management problem. Three main approaches were adopted:

(a) The first is complete nationalization.

(b) The second is the participation of the public sector by more than 50% of the capital.

(c) The third is to put the firms under public supervision for a limited period according to circumstances.

10. These arrangements were lately coupled by others putting an upper limit to the ownership of individuals of shares and stocks in various enterprises. These measures were deemed necessary in order to bring about a more equalitarian distribution, and to offset harmful monopolistic tendencies

11. The outcome was the affiliation of a large number of enterprises to the public sector. It was found necessary to construct a mechanism whereby such enterprises could be controlled in a co-ordinated manner. This was achieved through the construction of holding public foundations each responsible for the enterprises belonging to a certain sector. Thus a business-minded management could be constructed within the frame work of public ownership and control, and is given the necessary powers to avoid any unnecessary routines existing in the administration itself.

12. However, this leaves a good deal of business in private hands Part of the business falls under laws organizing their activities, particularly corporate-laws. Again problems of distribution were dealt with through legislation; to the effect that 25% of the profits should be distributed to employees,either in cash or in the form of services.

13. With these radical changes in the structure of the community and the economy new organizational schemes were introduced in the political and household sphers.The resulting shifts in the centre of power, and the rapid growth of the appreciation of the needs and the rights of the masses have led to continuous changes in the organization of political life. A truly democratic system within the framework of a socialist society cannot exist unless ex-party system was abolished.For some time a National Union was conceived as a means of pooling all popular forces and representing the interests of the masses. The first national plan was discussed by a national conference of this Union before being finally approved.At the moment another grouping is conceived, securing the balanced representation of the various economic and social groups,and ensuring at least 50% of the seats for the peasants and the labourers.

14. These political organizations,together with the new local administrative system,would eventually lead to the emergence of the plan from the people themselves.Every village and town has now its own political and administrative construction which

should be capable of suggesting projects, drafting their own programs, and supervising the execution of the plans. These units would normally pool into larger units at the capitals of the governorates, thus leading to well-integrated regional plans.

15. Another organizational aspect is that concerning the construction of cooperatives, whether for producers or consumers. The State is very keen to push the co-operative movement as much as possible since it is considered as a strong means of constructing a healthy and integrated society

III. The Statistical Machinery.

16. The Central Statistical Departrent is one of the oldest institutions in the country, with well-established activities in the field of data collection. It works through its regional branches and through contacts with other administrative statistical units. It is equiped with up-to-date mechanical aids, and could through time furnish the authorities with the regular flow of data.

17. On the other hand each ministry (e.g. agriculture, education, transport, etc...) has its own statistical unit, occupied with the compilation and processing of data necessary for regular administrative purposes. Most of these statistical data proved to be of great value in actual planning but the adoption of the planning approach required some changes both in the structure and functioning these statistical divisions.

18. One step was taken in the direction of reorganizing statistical services, when planning became a notion under discussion. This was the construction of the Central Statistical Committee which was held responsible for supervising, organizing and coordinating all major statistical activities. The Committee and its sub-committees served as a pool for statisticians, who are in fact one of the relatively rare qualities, becoming the more so when sudden activation of economic development is on the way. The problems of coordination is of paramount importance since many new institutions and ministries are liable to catch the statistical fever and a great waste of the resources occurs owing to overlaping of statistical activities of the various parties concerned.

19. On the other hand some major surveys have to be carried out largely on a sample basis and in various areas. The existence of the Central Committee was a great aid in the realization of many of these purposes. Its activities took lately the shape of a five-years statistical plan which is being executed in a successful and systematic manner.

IV. The Extended Services of Statistical Machinery in a Developing Economy:

20. In order to define the dimensions of organizational changes affecting the statistical machinery, a few words might be said here concerning the new tasks to be shouldered by this machinery during the process of development. Of course we are mainly interested at this stage with statistics in the plural, but we would like to differentiate between statistics in the large and statistics (or rather numerical data) in the small. The ordinary process of data compilation is generally directed towards the

description of statistical universes, giving concrete information as regards the distribution of certain characteristics. But in the process of planning, and follow-up, especially the latter, there are many cases in which the main concern is with the information related to specific individual units, and not to the characteristics in the large numbers. Thus in planning we need data both on the aggregate of investment expenditure, its allocation, etc.., and at the same time we require data on individual investment projects. The same applies to other fields, e.g. production. Besides there is a change in the contents of data, with more emphasis on technical data. These considerations have their reflections on the structure of the statistical machinery. On the one hand they would normally require statistical surveys of the analytical rather than the descriptive type; and thus generally fall outside the traditional scope of the general statistical agencies. On the other, they imply the direct participation of all individual units in the compilation of the specific data, thus leading to an urgent need for the construction of their own statistical and planning units. This is especially true with respect to big firms and to the public institutions supervising activity in the various productive channels.

21. For regular statistics in the large, the U.A.R. had a good record. Periodic Census Surveys are taken for population, agriculture, and industry since some time. Other sample surveys were taken in the fields of wages and hours of work, and in many similar areas. Trade, prices, money and credit population movements, are all areas covered by regular statistics. The sampling techniques have been lately used in a wide variety of problems: Wages, manpower and unemployment, family budgets surveys, in response to the needs of the planning authorities. In fact both the statistical and Planning Committees are headed by the same minister (the Vice-President for planning). This was found organizationally advisable in order to synchronize their activities.

22. Besides the problem of division of labour, there is also that of speed and promptness in the process of compilation. There is also the need for the preparation of quick indicators of economic activity in the various fields. The adoption of sampling techniques, the use of high speed mechanical devices, and the division of labour between the various statistical services, are all effective steps towards the realization of these ends.

V. The Planning Machinery:

23. Planning, whether central or otherwise can always take various shapes in its organization depending on the economic and political structures, and on the specific planning technique adopted. At the early stages of experimentation in development planning two councils, one for production and another for social services, were given the power to study, formulate and execute development projects in their respective fields. Soon it became clear that some division of labour is both necessary and advisable, and that better coordinated development programs can be obtained within the framework of a national plan. This led to the construction of the Central Planning Committee whose activities are confined to the formulation of the national plan, and its follow-up. Problems of implementation and execution were

left to the various ministries and institutions.

24. This meant that these latter agencies had to have their own planning organisms, concentrating mainly on the technological aspects and details, suggesting projects and programs, and receiving information on execution to be forwarded to the Planning Committee. The Committee has to make its techno-economic studies on a national scale and coordinate the sectorial or partial programs so as to fit in with the general frame of the national plan. Actual expenditure or finance was left to the treasury, but not the drafting of the plan since it was clear that the traditional ways and means of this latter, in financing ordinary public expenditure are not generally based on the same principles required for overall national planning. At a certain time this helped to liberalise the new organism from limited or partial outlooks to the problem of finance. At a later stage; and after some experience in actual execution, the treasury was also added to the portfolio of the Vice-president for planning. In other words it was the minister of planning who assumed the responsibilities for the treasury and not vice versa.

25. The Committee together with the planning units in the ministries and regions thus form the technical body working out the plans and supervising its execution. But there is always the political side in the process, and as mentioned before, the National Union or other similar national organizations discuss the product of the work of the technicians, expressing the people's wishes and desires. Preliminary directions as well as the final adoption of the plan are in the hands of the President himself, assisted by a ministrial Committee for planning.

26. At a certain stage, the national plan should be worked out at the centre. But some collaboration of the regions, and a certain degree of autonomy outside the centre are deemed necessary. It is not a coincidence that after getting indulged in actual development planning, the U.A.R. adopted a new system of regional administration, held responsible for the developments of the resources and the conditions of the various regions. The main activities of these administrations are, as it is expected, in the fields of social and infrastructural services.

VI. The Extended Administrative Tasks of a Planned Economy:

27. The development of the local administration system is not the only direction of change. One of the main results of the sudden acceleration of development, is a radical change in the responsibilities of the public sector, and its participation in actual development activity. Not only has the public administration to be adopted to the new tasks, but it has also to be reshuffled to fit the new society under construction. In other words the change has to surpass the tasks and performance of the administration to its general targets and inclinations. It has to serve the interests of the whole nation, and not only the interests of the ex-powerful classes representing the feudal landlords.

28. The outcome of this was the need for reorganizing the whole administrative machinery, and for a new system of job specifica-

tion and of performance. At the moment extensive and intensive studies are carried out in the U.A.R.in order to select the most efficient and flexible administrative structure. Many questions are treated, such as the reduction of routine complication the amelioration of the system of recruitment, the creation of a system of incentives,and so on.

29. Besides these activities,another one is going on in the field of orientation and training of personnel.The extension and variability of administrative tasks have led to the necessity of adopting the existing personnel to development requirements.In any case the fields of training are of a nature quite different from educational subjects covered by regular university courses.

30. Training centres are constructed in various technological fields with the purpose of raising productivity while training courses and institutions are established in order to increase the efficiency of administrative and executive cadres.

31. The increasing share of the public sector in productive activities faces this sector with one of the difficulties usually featuring newly developing countries,viz,the lack of a capable managerial and entrepereneurial class.

32. The traditional agricultural economy is not, in general, favourable for the emergence of such a class. As mentioned before, as the number of projects and forms in the various fields grow,and as many of these units are under public control,a new organization becomes indispensable.This has finally taken the shape of the construction of a number of public foundations each of which held responsible for the management of productive units in one sector or sub-sector.These organizations are given in the appendix.However,one obstacle still remains,and that is the existence of a prepondrant unorganized production sector. Thus agriculture,most of private services and small business, fall within this category and planners have to account for their existence both in building up their targets and balances,and in deciding upon the bahaviour of these sectors.In many cases,these units are of rather low productivity levels and they are generally considered as a closed circle upon which a superstructure of modern business is imposed.However,the weight assumed by the agricultural sector,unorganized by its nature,requires some special effort.It is mainly for this purpose that co-operatives whether for production,marketing or finance are considered imperative.

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